

SPEECH

OF

HON. HENRY G. STEBBINS,

OF

NEW YORK,

ON THE

TAX BILL.

---

DELIVERED IN THE HOUSE OF REPRESENTATIVES, APRIL 19, 1864.

---

WASHINGTON:

WILLIAM H. MOORE, PRINTER,  
1864.

SP ECH

1100. NEW YORK & STERLING

NEW YORK

TAX BILL

1884  
JAN 10 1884  
NEW YORK

# S P E E C H

OF

## HON. HENRY G. STEBBINS.

---

The House being in Committee of the Whole on the state of the Union, Mr. STEBBINS said :

Mr. Speaker, the preservation of the credit of the country demands the establishment of a system of taxation sufficiently broad to meet its requirements during and after the war. It is upon this point that the struggle in which we are engaged must ultimately turn. The Government is putting forth its power to preserve the nation's life. The prosperity and resources of the nation are the means which the Government has a right and which it is its solemn duty to use for the accomplishment of this great work. It is equally the duty of Congress to point out the ways and render available the means which they know to exist within the limits of this vast and wealthy Republic; ways far more numerous than any nation in the world's wide history ever exhibited; means more extensive than are embraced within the limits of any country on the face of the globe; fully equal, indeed, to those of united Europe.

I desire to contribute something to the formation of a correct estimate of the ability of the nation to furnish through the legitimate channels of taxation ample means to provide for the civil expenses of the Government and the interest on the public debt already created and to be created, and a moderate sum toward the support of the war.

I begin with requesting the attention of this House to our condition at the outbreak of the rebellion in April, 1861, as shown by official records and drawn from practical knowledge of the business of the country.

The railroad crisis of 1856-57, together with the political agitations of 1858-59, agitations which seemed to foreshadow the approach of the contest through which we have since been passing, had the effect to force the country into liquidation to an extent that now seems almost providential. Men contracted their business in every direction, and contracted it to that degree that applications for the use of credit almost entirely ceased. Our merchants confined themselves in their business to their cash capitals; commercial paper seemed to disappear as if by magic; principles of prudence and economy were introduced into the management of railways, and the country, as if under the solemn mandate of a superior will, prepared itself to enter upon an entirely new field of action with a force and energy which freedom from heavy obligations could alone inspire. We had enjoyed for a long course of years the most uninterrupted prosperity in every department of human industry. We had increased in population with a rapidity unknown before in the history of nations. We had accumulated a capital almost fabulous in extent when measured by the extraordinary results it had produced. We had established and paid for a commercial marine of 5,358,808 tons, second to none in importance and power on the face of the globe. We had built 34,000 miles of railroads at a cost of \$1,300,000,000, and had channels of commerce open the whole year round for the transportation of the products and industry of every State in the Union east of the Missouri



river to the seaboard, and the ever-increasing development of millions of acres of fertile territory. We had completed a vast system of canals of incalculable economical power, and of the enormous length of 5,782 miles. These, like the railways, were in complete operation. We had established 1,642 banks with a united capital of nearly \$422,000,000 and had fire and marine insurance companies and savings bank, the aggregate capitals and deposits of which amounted to hundreds of millions more. We had developed our coal-fields up to a production of 15,173,077 tons, worth at the mines \$19,365,765, and whose passage through the various channels of trade made an annual business equal to \$50,000,000 more.

In addition to these sources of natural power and wealth, in full operation in 1860, we had on land more miles of telegraph than all the world; our light-houses were more numerous than those of any other country; our coast survey exceeded in extent and accuracy that of any other country; our area exceeded that of Europe, with a more genial sun and fertile soil, and capable of yielding more than double the amount of agricultural products, and sustaining more than twice the number of inhabitants; we had a greater extent of mines than all Europe, especially of gold, iron, coal, silver, and quick-silver; our coal was estimated to be thirty-two times greater than that of the United Kingdom; our iron was proportionally plentiful; our interior steam tonnage exceeded that of all the steam tonnage of the rest of the world; all Europe combined can never have such facilities for cheap water communication as the United States had, and this is a prodigious element in the power and progress of a nation; we had more safe and commodious harbors, accessible at all tides, than all Europe had; our hydraulic power far exceeded that of all Europe; we were producing:

Pig iron, 885,000 tons, valued at.....	\$26,000,000
Bar and roller iron, 500,000 tons.....	22,000,000
Steam engines.....	47,000,000
Iron founding.....	28,500,000
Copper and other metals.....	3,300,000
Cabinet furniture.....	24,000,000
Sewing machines.....	5,600,000
Of clothing in twelve States.....	74,000,000
Sawed and plank lumber.....	96,000,000
Flour and meal.....	224,000,000
Spirituous liquors, 88,000,000 gallons.....	25,000,000
Agricultural products.....	17,800,000
Malt, 3,200,000 bushels.....	18,000,000
Cotton goods.....	115,000,000
Paper.....	17,500,000
Woolen goods.....	69,000,000
Leather.....	71,000,000
Sugar, refined.....	38,500,000
Boots and shoes.....	90,000,000
Soap and Candles.....	17,000,000
Books and printed paper.....	42,000,000

These with a few other products of our manufacturing industry show, according to the census for the year ending June 1, 1860, an approximate gold valuation of \$2,000,000,000.

The product, then, of our home industry alone for the year ending June 1, 1860, amounted to more than the whole cost of the war thus far.

The assessed value of our real estate and personal property was above \$16,000,000,000; our live-stock was worth \$1,000,000,000; our slaughtered animals were worth \$213,000,000; of agricultural products we were producing:

Wheat, bushels.....	171,000,000
Rye, bushels.....	21,000,000
Indian corn, bushels.....	830,000,000
Oats, bushels.....	172,000,000
Rice, pounds.....	187,000,000
Tobacco, pounds.....	429,000,000
Ginned Cotton, { bales.....	5,000,000
pounds.....	2,000,000,000
Peas and beans, bushels.....	15,000,000
Irish Potatoes, bushels.....	111,000,000
Sweet Potatoes, bushels.....	42,000,000
Barley, bushels.....	15,000,000
Buckwheat, bushels.....	18,000,000
Orchard products.....	\$20,000,000
Wine, gallons.....	2,000,000
Market gardening.....	\$16,000,000
Butter.....	461,000,000
Cheese.....	106,000,000
Hay, tons.....	19,000,000
Home-made manufactures.....	\$24,000,000

I showed in the remarks which I had the honor recently to submit to this House, that the United States had been adding to the national wealth, during the decade ending in 1860, the aggregate sum of \$800,000,000 per annum, and that her system of industry being completed, there was no reason to doubt that that ratio of increase, both in population and in wealth, would long continue in the history and progress of the country.

The nation then was in the condition of prosperity, wealth, and power which I have attempted to describe when the first gun was fired at its life in April, 1861.

A feeling of alarm took possession of the minds of men, and the momentum which had been imparted to the spirit of contraction and liquidation was immensely increased. Our citizens placed themselves in a position of still greater strength and security with a rapidity unexampled. The same feeling of alarm spread throughout Europe, and the securities of the United States, which had been held there for years, came back to New York for sale at market prices by millions. Our people were not slow to avail themselves of the opportunity to get out of the way the only remaining evidences of their debt. They purchased these millions thus sent back at enormously reduced rates. The United States entered upon the contest for the preservation of the national life and the national honor in a condition of power and ability to meet the demands to be made upon them wholly unparalleled in our history.

The resources of the country since the outbreak of the rebellion are to be seen in bold relief through its local traffic and the debt which has been created and sold to our own people. The accumulated wealth of the nation has been sufficient to supply for the use of the Government some sixteen hundred million dollars, and at the same time support a fabric of speculation and trade that has demanded the use of thousands of millions more. More money is necessary to-day to support the existing structure of prices than at any previous period since the war began. The Government demand is equally large. Yet money is as abundant as ever, and seems to be in unlimited quantities to the credit of the people of the country in every banking, trust, and savings institution in every city, county, and town in the Union!

If the increase to the national wealth has really been equal to \$800,000,000 per annum for the last decade, (and in my opinion it can be shown to have been much larger, fully equal to \$1,200,000,000,) the war has thus far cost the people but a little over three-fifths of the increase upon their wealth for the past three years. For the increase



is admitted to have been \$2,400,000,000 since 1861, while the expenses of the war have only reached \$1,600,000,000.

Here, then, we have the remarkable fact that this war has been conducted upon a scale unknown for its magnitude in the history of nations. at a cost per annum less than the aggregate profits of the industrial pursuits of the country, leaving wholly unimpaired its vast fund of accumulated wealth.

And then, Mr. Speaker, the amount of money borrowed from the people, and expended in the prosecution of the war, still exists as property, in the shape of funded debt and national currency, all owned by themselves and made secure by the pledge of the national faith, and remaining under the control of their own legislators, selected and elected by themselves to their places of public trust and administration.

Sir, it appears to my understanding that I am presenting to the mind a perfectly palpable fact; that it embraces within its outlines the incontrovertible proposition that the war thus far has been productive of no vital injury to the people of the free States; that it has not diminished their resources a single dollar; and that so long as it is conducted by and within themselves it will only tend to develop still more their immense industry, and be the means of exhibiting in a degree that nothing else could have done the overwhelming power of this nation.

It is a doctrine of political economists that wars necessarily entail upon the people engaged in them a great waste of capital, and impair their means of future production. It is possible to accept the first proposition, but the second by no means follows from the acceptance of the first. Many economists maintain that to reject either proposition is a delusion "essentially treacherous," from which a community must ultimately awaken to the truth that its prosperity and industry are hopelessly incumbered, and that the content of life must be embittered by exactions almost impossible to be met.

In the face of these accepted opinions I offer the example, and prosperity of England from 1793 to 1815, or to the present hour. That much English capital was wasted during the wars of the republic and the empire is unquestionable. Full three-fourths of the English debt was contracted during those wars. No one, however, can deny that England has not only sustained this debt with but a moderate diminution from its highest sum, which was £861,000,000, with the most perfect ease, but while sustaining it has actually increased every year in national wealth at a rate never until recently realized by any nation except our own. This undeniable fact ought to shake the faith of the English writers themselves in the coherence of the two propositions which underlie their theories. It certainly gives strong color to the proposition, that where the people of a country have confidence in their Government, national obligations may be the effective and even the necessary means of creating and giving permanency to credit, and so of furnishing the forces required for the development and productiveness of their industry.

Strong, comprehensive, and decided measures are now demanded by the exigencies of the country. To discover those which are the most available is the special duty of men to whom is intrusted the business of the nation.

The unfriendly attitude assumed by certain foreign Powers since the outbreak of the war has naturally provoked a strong disposition to disregard the claims of foreign commerce in connection with any policy which may now be deemed important to the public welfare.

The bill before the House is but a part of the great chain which is to be forged by this Congress to hold the nation together. It is a bill to raise a revenue equal to fifty per cent. of the Government's requirements; a bill to establish the structure of the na-

tional credit upon an enduring foundation. "A bill which shall strike down that part of our foreign commerce which fills the land with the extravagant luxuries of the Old World, should speedily follow this one. It should also establish a tariff of duties so high on other articles that every part of our own manufacturing industry will spring into active and vigorous life. We Americans should live within ourselves during the continuance of this war, and sell what surplus products we may have for gold, and we should maintain this attitude and continue this policy until the great problem of our national existence is finally and forever solved.

If it were possible to determine with arithmetical precision the actual duration and cost of this war, I should not venture to suggest such a policy until the ingenuity of the nation had been taxed in all its length and breadth to find the available expedients for its termination. But I am one of those who do not believe in an early solution of the great question involved in the contest. The war itself is the result of more than half a century of continuous agitation; and while the institutions of freedom and slavery in all the panoply of war are in the actual arena of contest striking at each other's life, with no disposition on the part of the latter to lay down its arms, every man in the country sees that the war must go on.

If I present the facts as they really are, then the military, the political, and the moral superiority of either the one principle or the other is now to be established within the limits of the United States; the efforts of any and every political party to the contrary notwithstanding. Such being the settled conviction of my understanding, and realizing, as I feel that I do, with what fearful determination a people of seven or eight millions will struggle for the preservation of their property and for the perpetuation of their social institutions—institutions into and under which they and their progenitors for more than two centuries have been educated—I cannot doubt that the war is to be a long and expensive one, terminating only when the Southern States shall abandon the contest and submit themselves to the Constitution and laws of the United States.

Am I not right, then, in suggesting that the nation should proceed to put itself in the strongest position possible before it is compelled to do so by approaching exhaustion?

From the old countries of the world, whose industry we have fostered, whose wealth we have augmented, and whose population we have fed, we have received no word of sympathy or support save from Russia. From France we have been compelled to accept and sanction a policy which she knew when she entered upon it violated principles which the people of the United States had taught themselves to cherish as belonging to the traditions of the nation—a policy which will not be tolerated one hour beyond the time necessary to vindicate our national honor in the present war.

It has become the tardy policy of England to look on and wait, "to observe a perfect neutrality," but not until after the exhibition of an active sympathy with those in rebellion for nearly two years.

Now, sir, we have nothing to ask from these two nations. Their policy has already destroyed or rendered useless the greatest commercial marine in the world. All the injuries they could inflict have been inflicted. Let us then labor hereafter only for the certain re-establishment of the American Union upon a basis as broad and as long as this continent, so that we may "establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity." Make your legislation conform to this idea, and see what a splendid spectacle the American people will present to the world. Prohibit the exportation of every dollar of gold and silver, of every bushel of grain, of every pound of beef and pork, or adopt the policy of a prohibitory tariff, and thus announce to man-



kind in every part of the globe that America *will* perpetuate her great principles throughout all time; and that, until the question as to her power and right to do so is definitely settled, she will draw the resources for the contest in which she is engaged from her own broad domain, and from the inexhaustible treasury of her own prosperous people; that she will hold no intercourse with foreign nations until after the war—none whatever. Sir, such a course would secure a triumphant success to the American arms, to American industry in its multifarious branches, and render us forever independent of the world.

Sir, the national debt of England, estimated as £800,000,000, running at the rate of three per cent. per annum, is equal in its annual burden to that of our own probable debt in July, 1865. Three-fourths of this sum was contracted to defray the expense of the French war, which commenced in 1793 and terminated at the treaty of Paris in 1815. It is not worth our while to review the various efforts of British statesmen, during the long period of twenty-two years, to discover the best system of meeting the requirements of this debt, so that its burdens might fall as lightly as possible upon the people of the nation. The result of their labor is to be found in the completeness of their machinery of taxation, and the sources of revenue to which it has been, and continues to be, successfully applied. How unwise it would be in us not to avail ourselves of the experience of the economists and statesmen of Great Britain, gathered from over two centuries of experiment and study. Sir, how valuable is the lesson to be drawn from this experience—to be got from a contemplation of England's proud attitude before the world as complete in her financial integrity! I rise from a survey of the British taxation with the clear conviction that, with resources far beyond anything England can boast of, a condition of material and general industrial progress far exceeding hers, we can sustain \$2,000,000,000 of indebtedness with more ease than she can possibly do, and at the same time maintain an equal reputation for the punctual payment of all our obligations.

Before I proceed to show the sources from whence the British nation has managed for so many years to maintain its great supremacy in the financial world, so that they can be contrasted with the facilities with which a beneficent Providence has blessed the United States, I desire to call the attention of this House to the origin and growth of the public debt of England. A few sentences from the great historian Macaulay, will, I am sure, be listened to with interest on the occasion of this important discussion. They will serve to illustrate how precisely similar were the times of which he writes to these our own, and with how much certainty we may calculate upon the restoration of confidence in the ability of the nation to meet all its obligations, both principal and interest, in gold. After describing in the most graphic way the remarkable mania that seized upon all classes of the English people in 1692 to rush into speculations of the wildest character, he observes:

"On the 15th December, 1692, the House of Commons resolved itself into a Committee of Ways and Means. It was proposed to raise £1,000,000 by way of loan; the proposition was approved.

"Such was the origin of that debt which has since become the greatest prodigy that ever perplexed the sagacity and confounded the pride of statesmen and philosophers. At every stage in the growth of that debt the nation has set up the same cry of anguish and despair. At every stage in the growth of that debt it has been seriously asserted by wise men that bankruptcy and ruin were at hand. Yet still the debt went on growing; and still bankruptcy and ruin were as remote as ever. When the great contest with Louis XIV was finally terminated by the peace of Utrecht, the nation owed about £50,000,000; and that debt was considered not merely by the rude multitude, not merely by fox-hunting squires and coffee-house orators, but by acute and profound thinkers, as an incumbrance which would permanently cripple the body-politic. Nevertheless trade



flourished, wealth increased, the nation became richer and richer. Then came the war of the Austrian succession; and the debt rose to £80,000,000. Pamphleteers, historians, and orators pronounced that now, at all events, the case was desperate. Yet the signs of increasing prosperity, signs that could neither be counterfeited nor concealed, ought to have satisfied observant and reflecting men that a debt of £80,000,000 was less to the England which was governed by Pelham than a debt of £50,000,000 had been to the England which was governed by Oxford. Soon war again broke forth; and, under the energetic and prodigal administration of the first William Pitt, the debt rapidly swelled to £140,000,000. As soon as the first intoxication of victory was over, men of theory and men of business almost unanimously pronounced that the fatal day had now really arrived. The only statesman, indeed, active or speculative, who did not share in the general delusion, was Edmund Burke. David Hume, undoubtedly one of the most profound political economists of his time, declared that 'our madness had exceeded the madness of the Crusaders.' Richard Cœur de Lion and Saint Louis had not gone in the face of arithmetical demonstration. It was impossible to prove by figures that the road to paradise did not lie through the Holy Land; but it was possible to prove by figures that the road to national ruin was through the national debt. It was idle, however, now to talk about the road; we had reached the goal; all was over. All the revenues of the Island north of Trent and west of Reading were mortgaged. Better for us to have been conquered by Prussia or Austria than to be saddled with the interest of a debt of £140,000,000.

"And yet this great philosopher, for such he was, had only to open his eyes and to see improvement all around him—cities increasing, cultivation extending, marts too small for the crowd of buyers and sellers, harbors insufficient to contain the shipping, artificial rivers joining the chief inland seats of industry to the chief seaports, streets better lighted, houses better furnished, richer wares exposed to sale in statelier shops, swifter carriages rolling along smoother roads. He had, indeed, only to compare the Edinburgh of his boyhood to the Edinburgh of his old age. His predictions remain to posterity, a memorable instance of the weakness from which the strongest minds are not exempt. Adam Smith saw a little, and but a little, further. He admitted that, immense as the burden was, the nation did actually sustain it and thrive under it in a way that nobody could have foreseen. But he warned his countrymen not to repeat so hazardous an experiment. The limit had been reached. Even a small increase might be fatal.

"Not less gloomy was the view which George Grenville, a minister eminently diligent and practical, took of our financial situation. The nation must, he conceived, sink under a debt of £140,000,000, unless a portion of the load was borne by the American colonies. The attempt to lay a portion of the load on the American colonies produced another war. That war left us with an additional £100,000,000 of debt, and without the colonies whose help had been represented as indispensable. Again England was given over; and again the strange patient persisted in becoming stronger and more blooming in spite of all the diagnostics and prognostics of state physicians. As she had been visibly more prosperous with a debt of £140,000,000 than with a debt of £50,000,000, so she was visibly more prosperous with a debt of £240,000,000 than with a debt of £140,000,000. If the most enlightened man had been told in 1792 that in 1815 the interest on £800,000,000 would be daily paid to the day at the bank, he would have been as hard of belief as if he had been told that the Government would be in possession of the lamp of Aladdin or of the purse of Fortunatus. It was in truth a gigantic, a fabulous debt; and we can hardly wonder that the cry of despair should have been louder than ever. But again that cry was found to be as unreasonable as ever. After a few years of exhaustion England recovered herself. Yet like Addison's valetudinarian, who continued to whimper that he was dying of consumption till he became so fat he was shamed into silence, she went on complaining that she was sunk in poverty till her wealth showed itself by tokens that made her complaints ridiculous. The beggared, the bankrupt society not only proved able to meet all its obligations, but while meeting those obligations grew richer and richer so fast that the growth could almost be discerned by the eye.

"In every county we saw wastes recently turned into gardens; in every city we saw new streets and squares and markets, more brilliant lamps, more abundant supplies of water; in the suburbs of every great seat of industry we saw villas multiplying fast, each embosomed in its gay little paradise of lilacs and roses. While shallow politicians were repeating that the energies of the people were borne down by the weight of the public burdens, the first journey was performed by steam on a railway. Soon the Island was intersected by railways. A sum exceeding the whole amount of the national debt at the end of the American war was, in a few years, voluntarily expended by this ruined people in viaducts, tunnels, embankments, bridges, stations, engines. Meanwhile taxation

was almost constantly becoming lighter and lighter. Yet still the exchequer was full. It may now be affirmed without fear of contradiction that we find it as easy to pay the interest on eight hundred millions as our ancestors found it a century ago to pay the interest on eighty millions.

"It can hardly be doubted that there must have been some great fallacy in the notions of those who uttered and of those who believed, that long succession of confident predictions so signally falsified by a long succession of indisputable facts. To point out that fallacy is the office rather of the political economist than of the historian. Here it is sufficient to say that the prophets of evil were under a double delusion. They erroneously imagined that there was an exact analogy between the case of an individual who is in debt to another individual and the case of a society which is in debt to a part of itself; and this analogy led them into endless mistakes about the effect of the system of funding. *They were under an error not less serious touching the resources of the country. They made no allowance for the effect produced by the incessant progress of every experimental science and by the incessant efforts of every man to get on in life. They saw that the debt grew, and they forgot that other things grew as well as the debt.*"—Macaulay, chap. 19, pp. 326-328.

If the great distinguishing peculiarity of the English character some sixty years ago was what Macaulay intimates it to have been in the sentence that ascribes the rapidly increasing power of England to "the incessant efforts of every man to get on in life," with how much more force and effect the same declaration can be applied to the American people; and what a power of testimony it offers in favor of the ability of the American Government to sustain the burdens of the war, and at the same time make it a means of increasing the prosperity of the nation. If every man in England has been able to "get on in life," and in his efforts to do so advance so enormously the wealth of the nation besides—if contending against the more restricted system of English industry, where capital was concentrated instead of broadly diffused; where credit was difficult to procure, and the facilities of the trader confined within narrow limits—how must it be in this great country where men not only "struggle to get on," but where, under the genius of democratic institutions, they labor to get ahead of their contemporaries, where industry and integrity are the synonyms of credit, and where credit is capital? Sir, the great philosopher and historian could have uttered nothing more significant, could have presented no text from which a more powerful and convincing discourse could have been produced to demonstrate the supremacy of this people in all the essential characteristics best calculated to work out the most wonderful national successes.

Sir, so great is the difference, in my opinion, between the two nations, that I regard them as almost the antitheses of indolence and industry, so vast and so powerful are the influences that are moving the American people in the contest of life over everything ever seen in the United Kingdom.

The entire revenue of the United Kingdom in 1862 was about \$355,000,000.

Of the receipts from the customs about ninety per cent. was obtained from six articles, namely, coffee, spirits, sugar, tea, tobacco, and wine.

From coffee, at 6 cents a pound.....	\$2,000,000
Spirits, at \$2 50 per gallon.....	13,000,000
Sugar, at 3 cents per pound.....	33,000,000
Tea, at 35 cents per pound.....	28,000,000
Tobacco, at 75 cents per pound.....	28,000,000
Wines, at 50 cents per gallon.....	50,000,000
All other articles.....	11,000,000



From three articles the excise supplies nearly as large a proportion :

Spirits, \$2 50 per gallon.....	50,000,000
Malt and hops .....	30,000,000
All other articles.....	10,000,000
Her stamps produce.....	45,000,000
Land and assessed taxes.....	15,000,000
From income.....	25,000,000
Lands, &c.....	30,000,000

Total..... \$370,000,000

The growth of Britain's revenue from her customs is an interesting record by itself, and serves to show the rapid increase of the wealth and prosperity of that country. I commend these figures to the attention of this House in connection with those which demonstrate the wealth and prosperity of the United States.

The revenue derived from the customs in

1596 was.....	£50,000
1613 " .....	148,000
1660 " .....	426,000
1689 " .....	782,000
1712 " .....	1,316,000
1763 " .....	2,000,000
1792 " .....	4,500,000
1815 " .....	11,400,000
1850 " .....	22,200,000

McCullough observes,

"Notwithstanding the enormous and exorbitant duties on tea and tobacco, no equal amount of revenue was ever raised in any country for such a period of time with so little difficulty or inconvenience, and there are no grounds for supposing that it could be so easily and advantageously raised in any other way."

Here, then, we have presented to our view, in a few short sentences, the rapid growth of the British revenue from customs. We discover, also, the foundation of the British power and the origin of the British national credit.

The sources of taxation for the United States, under the provisions of the bill now before the House, will be almost identically the same as those enumerated in the British tax list. It is for this House, after examining them both with care, and after taking into view the relative power and ability of the two nations, to state to the country their judgment as to the vast ability of the United States to perpetuate and preserve unimpaired, under any and all circumstances, its public credit. At the same time it will be their duty to demonstrate to the world that a failure in our mighty effort to preserve our national unity is utterly impossible, save through the folly and the wickedness of domestic enemies here at home. From the excise, as shown in this bill, the United States will derive an income on a large portion of 88,000,000 gallons of spirits, which at \$1 and \$1 25 per gallon is greater than the sum derived by England from her customs and her excise together on the same article. On other articles in this bill the United States will derive a sum sufficiently large to overcome England's superiority in revenue from malt and hops, added to the \$10,000,000 designated in the list above as "all other articles." From stamps, from land and assessed taxes, from incomes, &c., &c., the amount must be fully as large as that she derives from those sources, and, in the judgment of the Committee of Ways and Means, considerably larger.

The article of tobacco is a most lucrative source of income through the customs of



England. In the United States, where it is produced in large quantities, the tax on tobacco is collected through the excise. The crop in the United States for 1860, as shown by the census, was 429,000,000 pounds. This, of course, embraced the production of the Southern States, which at that period was a large proportion of the crop. The rapid increase in the production of tobacco in all the free States and Territories since the outbreak of the war, secures on this article a large and satisfactory return through the excise for the coming year.

I am assured by my distinguished colleague of the Committee of Ways and Means, the member from Vermont, [Mr. MORRILL,] whom I regard as the very highest authority on all subjects connected with this question, that the number of pounds subject to the tax of thirty cents will not, in his opinion, be less than some seventy to eighty million pounds, in which event the total revenue from tobacco will exceed that of England from the start, and will increase from year to year with the increased production of the crop of the country.

The custom-house returns show weekly what the existing tariff is producing. If there should be no change in the policy of the country, except to increase the duties on imports, and not for the purpose of prohibition, we shall draw from the customs at least \$100,000,000, or an amount within a fraction as large as England derives from her customs. Our customs and excise would then produce to the country \$300,000,000, or an amount fully equal to one half of the outlay for the prosecution of the war.

The great object of the Committee of Ways and Means has been to frame a bill that shall produce at least from two hundred and fifty to three hundred million dollars. If it fails to accomplish this object the labors of the committee will not have been a success. A revenue of from two hundred and fifty to three hundred million dollars is indispensable to the maintenance of the national credit, and will be an efficient guarantee that that credit will be triumphantly sustained. I think I have made it clear that this sum of money can be paid into the Treasury of the United States. I think it is equally clear that \$300,000,000 can be made \$400,000,000 without injury to the interests of the country or to its people. If the attention of the people can be arrested and riveted for a sufficient length of time to the limitless resources of the country, no doubt can be entertained as to our ability and no impediments will be interposed to prevent the perfect re-establishment of the public credit. To this wise and effective legislation will come the aid of a system of currency just established, which is regarded by its framers as in all respects satisfactory. The national currency plan just passed by this House is in its essential features the same as that so lately rejected. I had reason, as a member of the Committee of Ways and Means, to believe that the original bill in its main features met the approbation of the representatives of the banking interest of the States who assembled in Washington from all parts of the country to watch its progress and furnish suggestions dictated by their experience and familiarity with the subject. This fact went so far to satisfy my mind that I had determined to give the bill my vote if my health allowed me to be present at the final action of the House. This productive tax bill, taken in connection with a well organized currency system, such as it is to be hoped the currency bill will prove itself to be; a system which is designed to limit expansion, to supersede the one which has always been productive of commercial and financial evils, which expands when wisdom and sound judgment demand that it should contract, and contracts when every practical understanding feels that it should expand; which is responsible to no one, but acts independently of every one; a system, I say, which shall be so arranged as to meet these emergencies, and the equally formidable emergencies of the existing war, and be in a condition to steady the national finances on the return of

peace, cannot but have the effect to change the present current of public thought and feeling and give new life, new energy, a new power to the national credit, and renewed vigor and strength to the national arms.

But, sir, in order that the national financial plan shall be all that is expected of it by its friends, it must take the place of the local State banking system entirely. It cannot co-exist with the local State banking system. The two plans working against each other will certainly be destructive of each other, and will involve the country in still larger sacrifices, and inflate to a still greater degree the prices of all the necessities of life. I allow myself to believe that such a calamity is not to be entailed upon this country, and that the most efficient legislation that can be devised by this Congress will be introduced and adopted to guard against the possibility of such a result happening.

I permit myself to hope that both of these measures are measures of the character I have described, and in the absence of other and better ones I accept them as indispensable to the success of the national cause, and I believe that they will meet and satisfy the public demands.

The features in which this bill differs principally from that of the Thirty-Seventh Congress are the increase in the volume of the taxes on each and every article, with increased care in the construction of the machinery of collection. To these are added some new sources of taxation, which it is believed will increase very considerably the public income.

A tax on the sales of gold, occupying, as gold does, so important a relation to the prices of the commodities in which men deal, which are necessary to the Government, and also to the prices of the necessities of life, I regard as a highly important measure. It is, without doubt, the interest of the trading classes, and particularly of those who are speculating largely, to maintain and even advance the price of gold. This trade for all other purposes than the customs, the demand for export, and the legitimate moneyed demands which grow out of men's fears, ought not to be permitted in the face of the great injury it inflicts upon private interests and the increased expenditure it imposes upon the national Government.

No such tax is included in this bill, for the reason that a bill now lies on the Speaker's table prohibiting all gambling transactions in gold. Should that bill fail to become a law I would strongly advise the passage of a separate act imposing a heavy tax on sales of gold and sterling exchange as a perfectly legitimate source of revenue. When an extensive speculative traffic in gold is carried on to the extent that it now is, and when the fact that it inflicts wide-spread injury is so incontrovertible, no one can hesitate to admit that the Government, to which every kind of business looks for protection, has an undoubted right to demand some equivalent for the facilities it affords and for the damage it sustains. A bill to impose a large tax on sales of gold would not necessarily prevent speculation and gambling. It would demand a compensation in the shape of a tax on all sales other than for money, and on all transactions which proceed from sources regarded by the community as mischievous and illegitimate. If, then, on the passage of such an act the luxury of speculating in gold should be persisted in the revenues of the Government would be considerably augmented, and this House would at least have the satisfaction of having wrested some portion of the proceeds of this dark traffic, and handed it over to the uses of the nation in this gigantic war.

In presenting in as concise a form as possible the system of English taxation, and attempting to show with how much more ease the American people can carry an equal amount of debt with England, and raise by taxation on precisely the same articles an equal amount of revenue for the use of the Government, I by no means design to declare



my belief that it is the only system adapted to this country. I am of the opinion that with the introduction of new elements into the business affairs of men, particularly such as belong to this period of the world, new methods are to be found better fitted to our national necessities, and greater facilities at hand to meet the national requirements. Steam and electricity have revolutionized the trade of the world. A diffusion of intelligence and great industrial success have placed the American people upon an eminence where no other nation has ever stood. They can see and appreciate the errors of the past, and point out with great distinctness the way to avoid them. The clearing-houses in the seaboard cities are furnishing the evidences of the capital and credit daily necessary for the transactions of the people. We begin to discover the magnitude of the business conducted by the buyer and the seller each day of the year.

The returns of the New York clearing-house show that for a period of many years previous to the war a capital and credit of from twenty-two to twenty-three million dollars was necessary to the daily traffic of that city, or from one hundred and twenty-five million to one hundred and thirty million dollars per week! For the past year these figures have been constantly increasing as prices advanced until they now amount to \$115,000,000 daily, or nearly \$700,000,000 per week!

Does this not suggest a method of taxation by which a small per centage, almost inappreciable in size, would result in an aggregate sum of such magnitude as to cause the abrogation of every other species of tax? Would not such a tax fall equally upon all classes of our fellow-citizens just in proportion to their business, and should we not pay to the Government a fair consideration for the privileges of the traffic which it thus secures?

In a time of war, however, when every moment of each day is important to the national cause nothing, I admit, would seem to justify the introduction of an experimental policy in matters of so much magnitude as the national finances or a system of taxation. What experience has shown to be effective, wisdom would counsel us to avail of. If the policy of England under the guidance of able statesmen in a time of war has carried her triumphantly through the struggle, it is the interest as well as the duty of the United States to profit by the knowledge, and take advantage of her experience. While seizing and profiting by the strong points of her money-raising policy, we should indeed be unwise if we did not manage to avoid the many difficulties which she encountered in the course of her long years of experiment. My effort has been to show that this country possessed taxable resources and tax-paying power fully equal to that of the United Kingdom, and that if the United Kingdom has been able to sustain a debt, fully equal in magnitude to what our own is likely to be, for a period of sixty years and upwards, and at the same time grow every year in wealth and in population, until her system of taxation has ceased to be a source of complaint, we certainly can accomplish the same results and be in the enjoyment of yearly successes of a like advantageous character.

In 1816, one year after the treaty of Paris, when the debt of Great Britain had attained its maximum, her population was 19,000,000. In 1864 the population of the United States, exclusive of the States in rebellion, was 25,000,000. In the same year the total value of the property of the United Kingdom was estimated at \$10,450,000,000, and of the United States in 1864 \$13,395,000,000. The annual products of the former amounted to \$1,667,000,000; those of the United States to \$3,500,000,000. This comparison gives us the advantage of thirty per cent. in population, twenty-eight in property, and one hundred and ten per cent. in annual products.

In twenty-two years of the war England collected and expended no less than \$5,500,000,000 derived from taxation. If she had pursued the policy of the United States, the



policy of borrowing exclusively, her debt would have been \$8,500,000,000, or full five times greater than ours. To make the case still plainer, I quote from a very able pamphlet of Dr. William Elder, published in 1863, the paragraph devoted to this branch of the subject:

"There is, indeed, a general impression that the debt of England, meaning its maximum amount in 1816, 'was forty years in growing,' while ours is the growth of two years only, and that already it is relatively as large as theirs. But the fact is that England added \$3,113,000,000 to her debt in the twenty-two years of her great French wars, and expended, besides, no less than \$5,471,000,000 derived from taxation, while the war expenditure of our two years is all in the form of debt, except the sum of \$17,000,000 derived from taxation and other ordinary sources of revenue beyond the ordinary peace expenditure of the country. In fair comparison, therefore, the Government account should be charged with this \$17,000,000 in addition to its loans of \$899,000,000, making \$916,000,000; and England's account, in correspondence for her twenty-two years would be her increase of debt, and \$5,471,000,000 of taxes, amounting together to \$8,584,000,000, or more than nine times the equal of ours. Of the total revenue of the period our Treasury derived but fourteen and one-third per cent. from taxation. England's exchequer drew sixty-three per cent. of hers from that source. If the British loans had borne the proportion of ours to receipts from ordinary sources, her debt in 1816, without the current interest added, would have stood at \$10,560,000,000 instead of \$4,300,000,000; and if our debt had been kept down by a system of taxation equivalent to hers, instead of footing up \$967,000,000, it would have stood on the 1st of May last at \$380,000,000, less the accruing interest on the surplus of \$587,000,000. This should be remembered whenever a comparison of the growth and the amount of our present debt with that of England is instituted.

"So far as the national resources and our relative ability to meet our debt are concerned, these \$587,000,000 are to be regarded as undrawn revenue in the pockets of the people. This amount subtracted, along with \$10,000,000 of current interest upon the sum, would leave our debt, old and new, at \$427,000,000.

"Nor is this view of the case either illogical or unpractical; on the contrary, it is far below the true statement of our advantage, for it still leaves us fresh, untaxed, unexhausted, and almost untouched, while England was in the condition of a people taxed for twenty-two successive years, to the average amount of \$248,000,000 a year, with an interest account rising, steadily and rapidly, from \$47,250,000 at the beginning, to \$161,250,000 at the end of the term. Moreover, be it remembered, that in 1816 the population of Great Britain was but \$19,300,000, the total value of their property \$10,450,000,000, and their annual products worth but \$1,667,000,000; while the population of the loyal States, in 1863, is 24,000,000, the value of their property, at the market rates of 1860, \$13,395,000,000, and their products of the current year worth \$3,500,000,000, giving us the present advantage of thirty per cent. in population, twenty-eight per cent. in property, and one hundred and ten per cent. of annual products.

The just parallel in the statement of the respective debt accounts of the two nations would be: England borrowed, for twenty-two running years, an average of \$150,000,000 a year; we, for two years, \$185,000,000 per annum, (an equal ratio of taxation being deducted from the actual loans,) with a difference of wealth and resources in our favor more than equal to the difference against us in the amounts thus estimated."

Sir, these facts and figures are official, and why they have failed to influence the action of the capitalist and the speculator in a sound direction—why, in the face of such facts, the country should have rushed frantically into the wildest games of hazard ever before known is utterly incomprehensible. What is still more incomprehensible is—that, standing upon the gilded summit of this vast structure of extravagance and speculation, and looking upon the outstretched plains of our limitless power as a nation, men still persist in gambling on their own fears.

Sir, permit me to show to this House, and so to the merciless gamblers of the great city of New York, who sound the key-note to the speculators of the interior, the difference between their conduct and the conduct of the English people in a time so precisely similar. Gold, regarded as the standard by which price is to be measured, and

which has been held in this country and continues to be held at from seventy to ninety per cent. premium for paper, remained in the English markets at only a fraction above par for some years after the war broke out. It rose above twenty-five per cent. for only three years after 1811. In two of these three years it reached thirty per cent. For one year and one quarter of that time it touched thirty-six per cent.; and only for a period of five months of that time, namely, from November, 1812, to March, 1813, did it rise as high as forty-one and a quarter per cent. Contrast this with the prices ranging from seventy-one and a half to eighty-seven per cent. in the United States. Make the contrast, bearing in mind the thirty per cent. more population in the United States than in Great Britain, thirty per cent. more products, and one hundred and ten per cent. more annual accumulation of wealth; and bearing in mind our boundless future, based upon those principles of civil liberty, that under the Divine will have constituted this nation—a nation destined to cover this continent—to be numbered by hundreds of millions of population, braced and banded together by the broadest and most extensively diffused intelligence, by the widest and most comprehensive industry, by a policy of limitless internal improvement, the whole forged and welded into a consolidated nationality, regulated by the sovereign will of the people.

Mr. Speaker, the country is in a blaze of speculative excitement unknown for its magnitude in the history of the world. Various reasons are assigned for its formidable and rapid growth. I do not propose to enumerate them, or attempt the refutation of the theories which are daily and hourly offered and discussed. I respectfully tender my own opinion to the consideration of the House, bearing as it does directly upon the subject-matter of this bill. Under the apprehensions that have been generated by the enemies of the country, both at home and abroad, and the absence of direct taxation, the common impulse has been to get rid of the currency of the country. Thus every man and woman in the nation seeks to own something that cannot perish. The manufacturer buys and fills his factory with the raw material; the merchant his warerooms with the merchandise with which he is familiar; the capitalist his trunk with bonds, mortgages, and stocks; while the speculator, watching the advancing tendency of all kinds of securities, uses his credit to its utmost tension, trades to the extent of millions in local stocks, securities, and commodities of the country. The rapid fortunes which have been made by the bold pioneers in this great game of hazard has stimulated the cupidity of the whole community. But few men are, to-day, disinterested spectators of this wonderful mania. Prices have steadily and rapidly advanced for more than two and a half years.

It is impossible for this state of things to continue without ruin to the people and destruction to the Government. This fact is so transparent that it needs no argument to prove it. The advance in the prices of the necessities of life must be arrested; a limitation must be fixed to the public expenditure; and this can only be done by diminishing the volume of currency and checking further expansion. This tax bill, in my opinion, should be passed at an early day. The country cannot afford to hear it discussed in its multifarious details for any length of time. It requires the law, and the relief it will give. It also requires, and, in my opinion, should demand of Congress a reduction of the volume of Government currency. When this House shall have passed the tax and tariff bills, the gold bill, or the bill to prevent gambling in gold—when it shall have added to these measures one limiting the circulation of paper money to the issues of the national banks by the imposition of a tax upon local State bank circulation, I believe in my soul that this Congress will have deserved and will receive the blessings of the people of the United States and of the world.